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August 10, 2018

Rep. Chuck McGrady
NC House of Representatives
300 N. Salisbury Street, Room 304
Raleigh, NC 27603-5963

Re: Financial challenges in Martin caused by State's Central Coastal Plain Capacity Use Area (CCPCUA) restriction

Rep. McGrady,

Thank you for taking time to meet with us on August 15th concerning a major challenge for Martin County and the Town of Williamston involving our water utilities. In preparation for our meeting, I offer the following general synopsis and additional background information (attached).

We were required by DEQ under the Central Coastal Plain Capacity Use Area (CCPCUA) restrictions to diversify our water resources. The Town of Williamston and Martin County partnered in the Martin County Regional Water and Sewer Authority (MCRWASA). MCRWASA built a water treatment plant on the Roanoke River that cost about \$27 million to build.

Originally, USDA suggested our community could qualify for 75% in grant funds for the project. This was based on RUS instruction 1780.10 (c):

"Grants may not be made in excess of the following percentages of the RUS eligible project development costs... (1) 75 percent when the median household income of the service area is below the higher of the poverty line or 80% of the state nonmetropolitan median income and the project is necessary to alleviate a health or sanitary problem."

Ultimately, we received about 25% of the project costs in grants from USDA (and about 32% in total grants). The operational costs and debt service from this project cause us to have some of the highest water rates and debt burdens in the state, and yet the county water districts operate at a loss (subsidized by the county's general fund), which is a concern to the State Treasurer's Office.

Martin County is a Tier-1 county, and the 13th most economically-distressed county in the state. The poverty rate is 24.9%, and the Median Household Income is \$33,159.

The current base rate for Martin County Water Districts 1 & 2 is \$50. The unit cost is \$8.50 per 1,000 gallons after the initial 1,000 gallons. The current average water bill is about \$67 per month (this is water only – no trash service, no sewer service).

The high water rates have been a factor in losing at least one industry.

We would like to explore opportunities to help pay down the debt caused by the State's Central Coastal Plain Capacity Use Area (CCPCUA) restriction and provide some relief to the water customers and taxpayers.

Thank you for your consideration and guidance on this matter.

Sincerely,

David Bone
County Manager, Martin County
Chairman, MCRWASA